



# **Federal Budget Process**

## **From a NASA MSFC Perspective**



# Federal Budget Process Basic Terminology

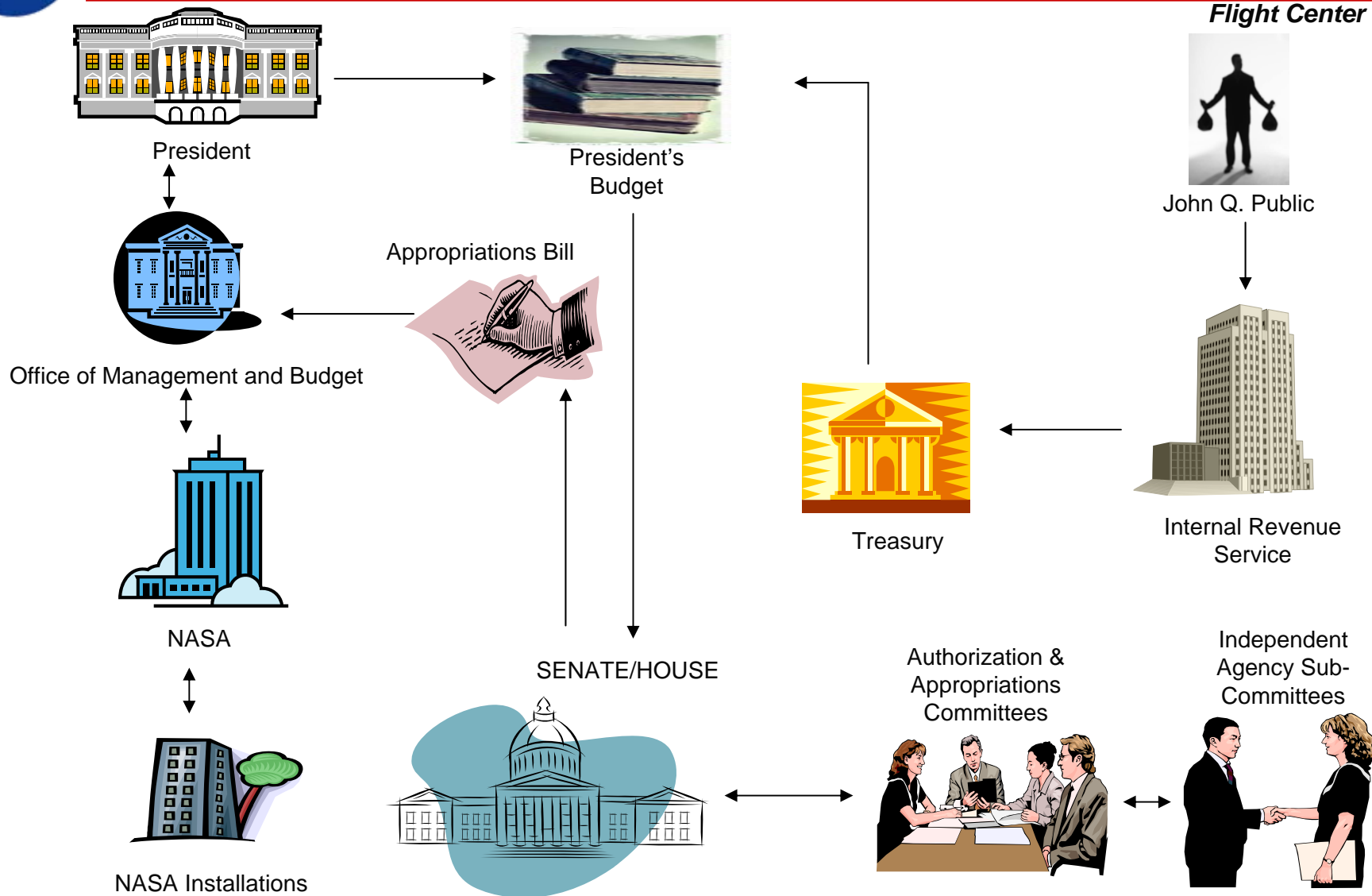
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- Budget Formulation – process of developing budget runout estimates
- Budget Justification – process of advocating budget to OMB/Congress
- Budget Execution – implementation of funds based on appropriations/funds release from Agency
- Planning, Programming, Budgeting & Execution (PPBE) - NASA Budget Process
- Congressional Operating Plan – Agency Budget Plan submitted to Congress 30 Days after Appropriation
- Operating Plan – Execution Plan for the Year
- Phasing Plan – Monthly Phased Plan of Obligations/Cost
- NOA/Obligations/Cost/Outlays/Disbursement



# Federal Budget Process

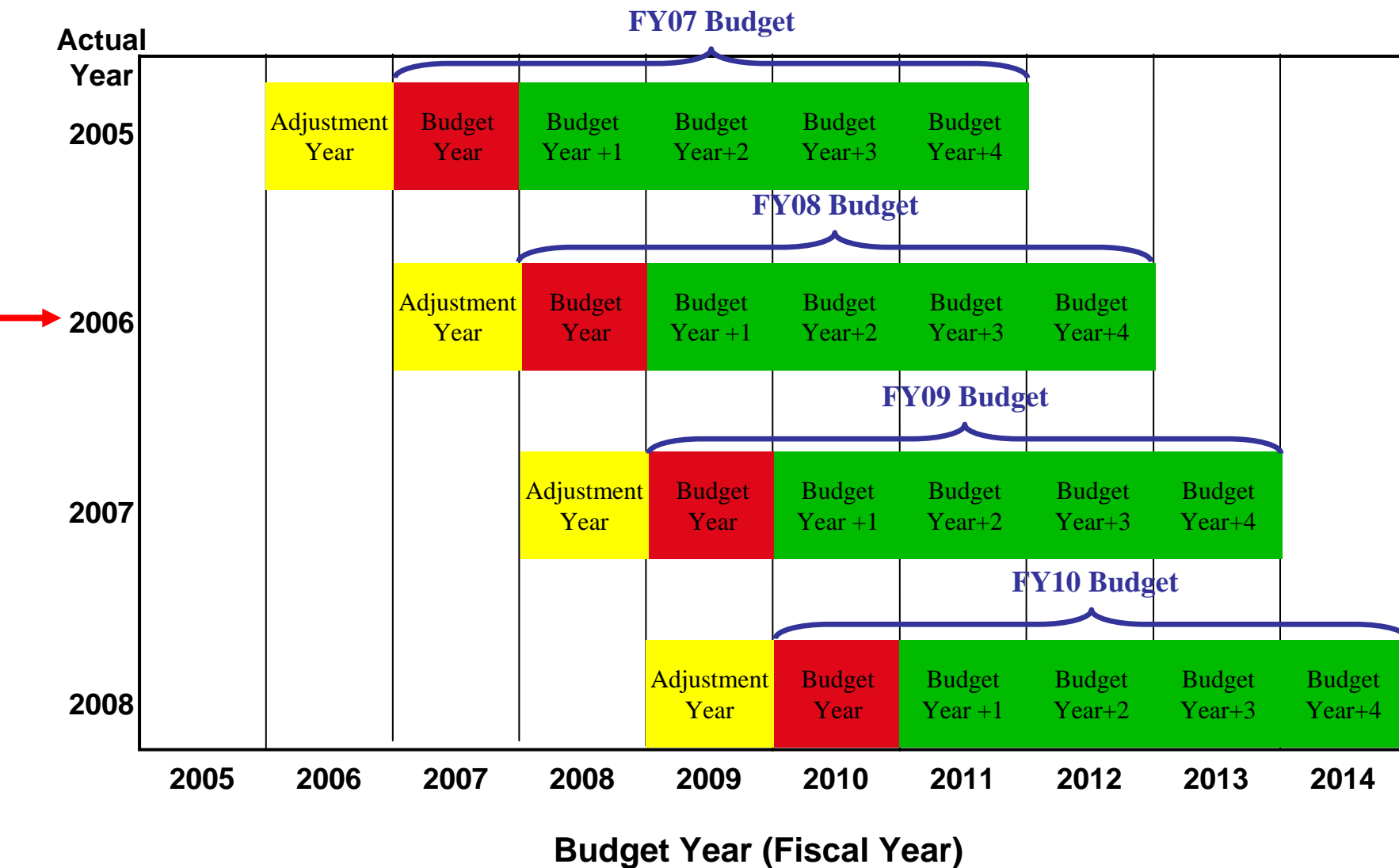
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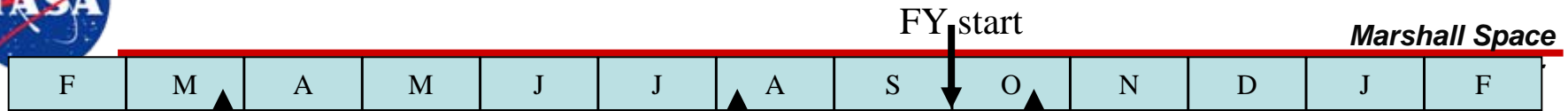
# The Budget Horizon

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# The Budget Cycle



Business Base Forecast

Planning Rates Issued

Release Strategic & Program Guidance

**Program/Project Budget Development**

Review

Program Budget & Institutional Issues to CFO

**Mission Directorate Review/Adjustments**

CFO Issue Disposition &  
CD Presentation to Administrator

**CFO Analysis & Adjustments**

Operations Council  
Decisions

Strategic Planning  
Council (SPC)  
Decisions

**Agency Councils Review & Decisions**

Initial Business Base Forecast Updated & Rates Adjusted

**Final Decisions into Budget System**

Program Budgets  
adjusted for Rate Impacts

**FINAL NASA Budget Adjustments**

Proposed NASA Program  
Budget to OMB

**Executive Branch (OMB) Review**

OMB Passback To NASA

**FINAL Adjustments by Agencies**

Adjust for Rate  
Impacts

SPC Review

Appeal

President's  
Budget  
To Congress



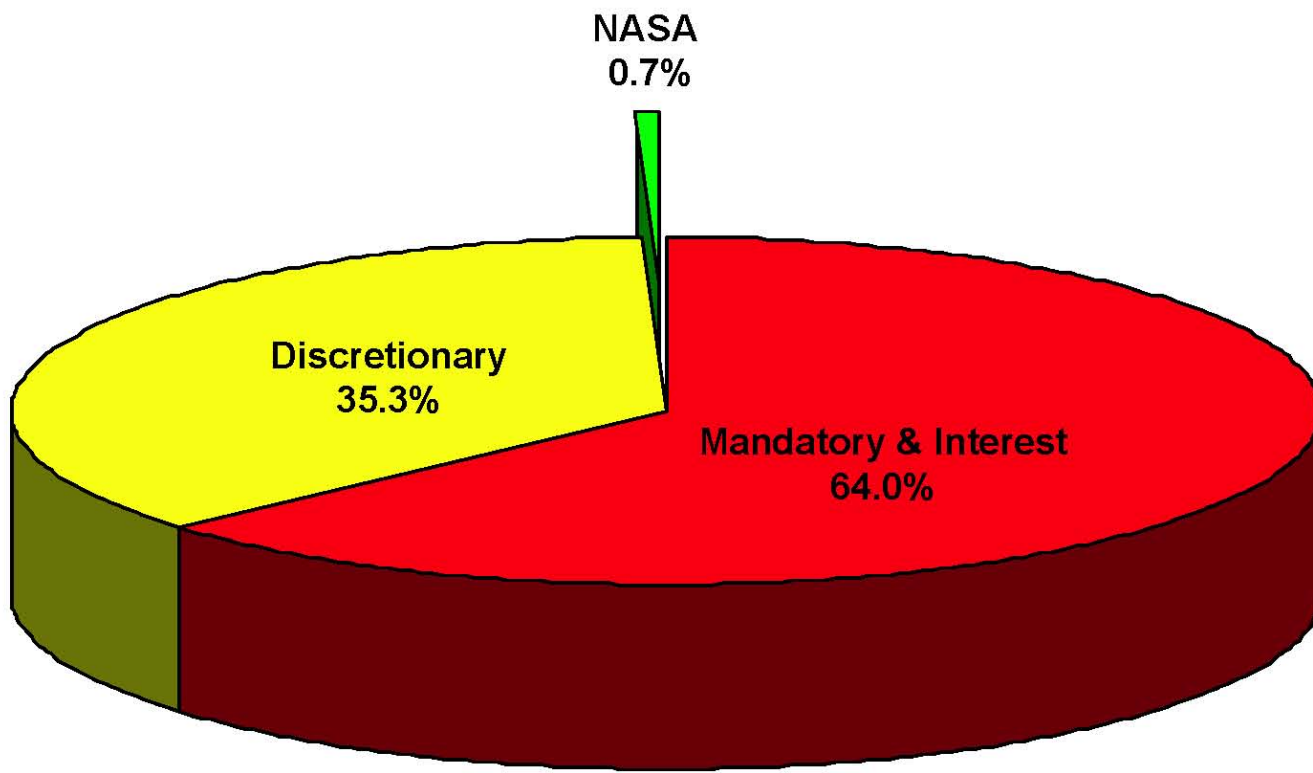
# NASA Budget



# Affordable Budget Plan

**NASA's Budget fits within the President's overall plan to cut the deficit in half in five years and limit overall discretionary growth to 4%**

## Total Federal Budget





# **Planning, Programming, Budgeting and Execution**

## **The PPBE Process Overview**





# What is PPBE?

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- **A planning and budgeting process used by agencies to convert strategies and priorities into programs and budgets.**
- **A focus on “Programming” is what makes it different from other planning and budgeting processes:**
  - High-level, multi-year, structured analyses of alternative uses of capabilities and capacities.
- **Key Elements**
  - Alternative uses of capabilities and capacities, including gap and excess analyses
  - Multi-year resource implications
  - Explicit, balanced, and feasible alternative methods of accomplishment
  - Trade-off options: needs and costs considered simultaneously
  - Risk Analysis
  - Prioritization



# Benefits of PPBE

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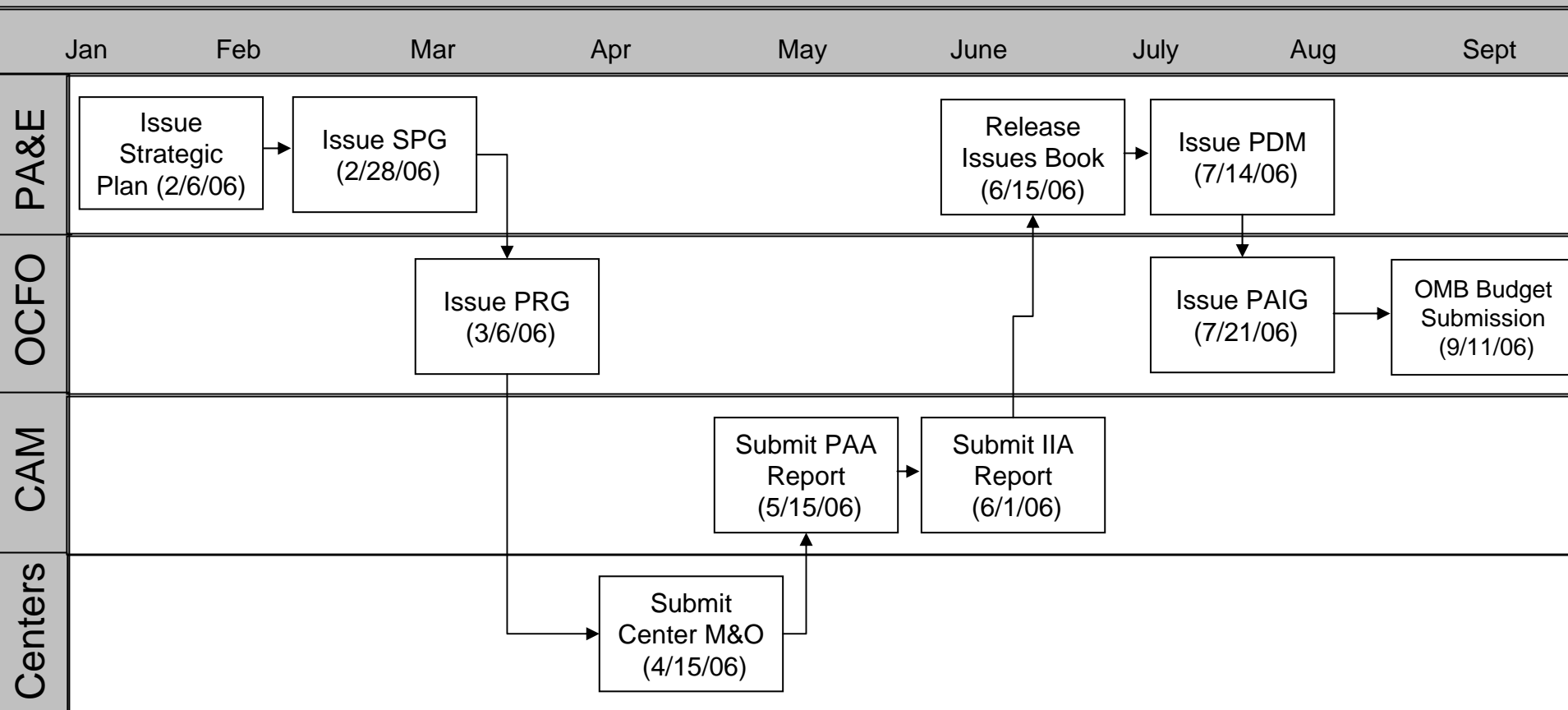
- Structured/disciplined process and schedule
- Management attention focused on translating strategy into actionable programs
- More simplified process
- Decisions made once
- Clarified roles and responsibilities for all participants
- Complete and integrated outputs
- Additional emphasis on performance, budget, and execution
- End product: timely and high quality budget support of NASA's mission
- Stable funding baseline plan to expedite and streamline funds distribution



# FY 08 PPBE Budget Process

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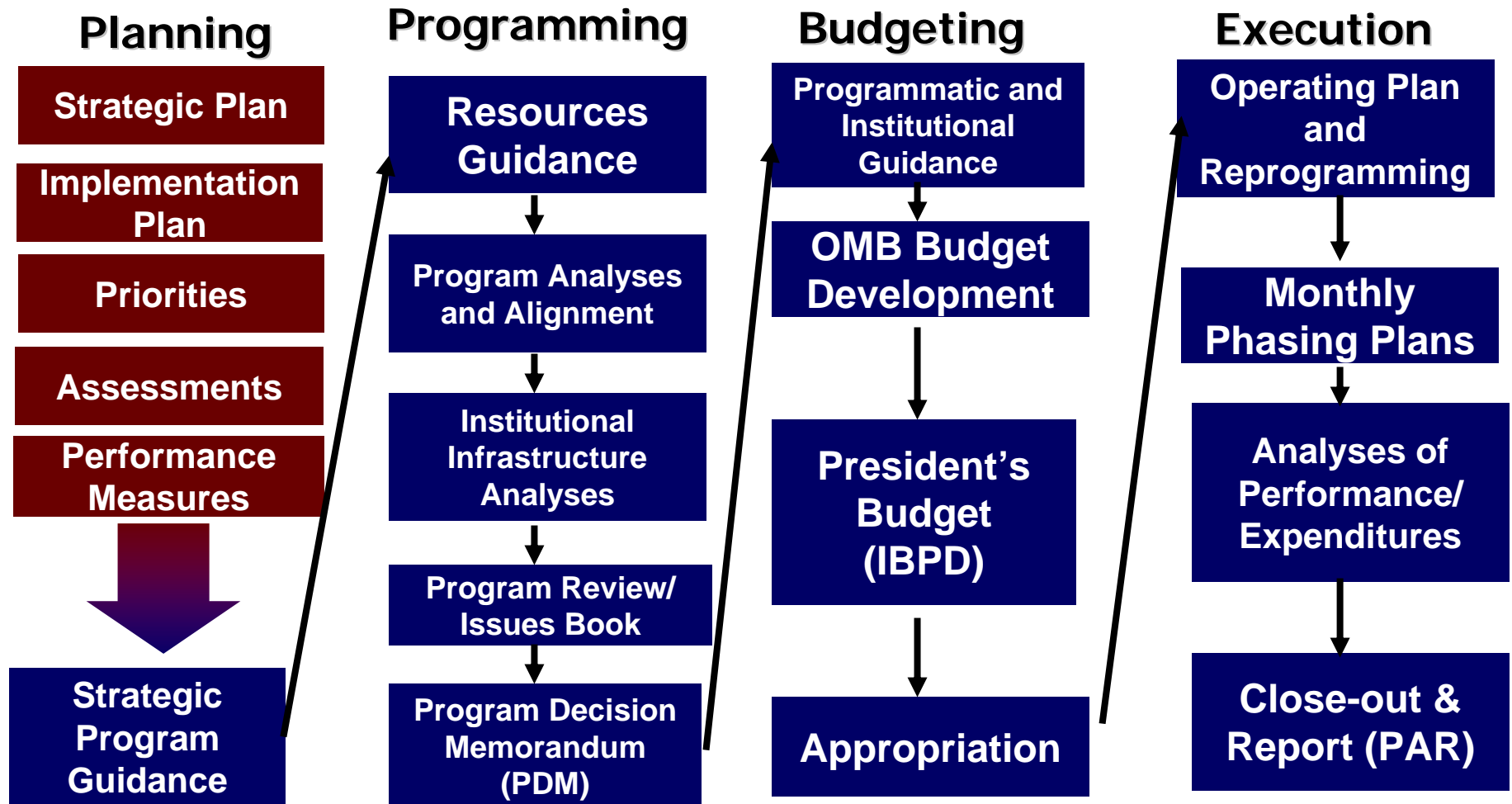
## FY 2008 Budget





# High-level Agency PPBE Process

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# Roles & Responsibilities: PA&E

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## Planning

- Lead and manage the process.
- Develop draft SPG.
- Issue approved SPG.

## Programming

- Lead and manage the process.
- Coordinate the Program Review.
- Prepare the Issues Book.
- Facilitate resolution of issues.
- Issue the PDM.

## Budgeting

- Provide input and review.



# Roles & Responsibilities: OCFO

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## Planning

- Provide input and review.
- Draft high level resource control totals.

## Programming

- Review MD allocations in the PRG.
- Issue the PRG.
- Oversee adjustments to resource tracking.
- Provide assistance to PA&E.
- Prepare resource summary for the Issues Book.

## Budgeting

- Lead and manage the process.
- Validate control total allocations.
- Distribute revised resource control totals to Centers and MDs/MSOs.
- Issue guidance for preparation of the OMB submission.
- Ensure compliance with strategic decisions and control totals.



# Roles & Responsibilities: MD's/MSO's

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## Planning

- Provide input to the draft SPG.
- Provide comments on draft SPG, as needed.

## Programming

- Develop programmatic guidance and allocate funding controls.
- Prepare Program Analyses and Alignment.
- Assist in preparation of the draft Issues Book and prepare appeals, as needed.
- Provide information as requested.
- Maintain continuous communications with Centers.

## Budgeting

- Allocate strategic decisions into resource control totals by project by Center.
- Review Center full cost distributions to ensure compliance with guidance.



# Roles & Responsibilities: Centers

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## Planning

- Provide input to the draft SPG.
- Prepare comments on draft SPG, as needed.

## Programming

- Prepare Institutional Infrastructure Analyses.
- Align capabilities and capacities.
- Assist in preparation of the draft Issues Book and prepare appeals, as needed.
- Provide information as requested.
- Maintain continuous communications with program managers.

## Budgeting

- Develop full cost distribution of resource control totals.
- Enter data into budgeting database.





# BACKUP



# Key PPBE Steps: Strategic Planning Guidance

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## ➤ Purpose

- This is the step where PA&E draws together (and the SMC approves) all the information from the Strategic Plan, the Mission Directorate and Institutional Implementation Plans, priorities, studies and assessments, and performance measures into strategic guidance for Mission Directorates, Mission Support Offices and Centers to use in designing their programs/ projects.

## ➤ Inputs

- The inputs for this step are the Strategic Plan or updates, the Mission Directorate and Institutional Implementation Plans, the most recent OMB pass-back, and various studies, reports, and assessments – e.g. program schedules, staffing levels, critical facilities, etc.

## ➤ Outputs

- The SPG document is the output of this step. The SPG guidance is strategic rather than detailed or operational. The SPG includes high level resource control totals and total FTE by Center. The control level for funds will be at the Mission Directorate and Mission Support Office level; FTE are a starting point, not a control total.



# Key PPBE Steps:

## Program and Resources Guidance

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### ➤ Purpose

- This is the first step in the Programming Phase. In this step, the Mission Directorates take the strategic guidance in the SPG and translate it into programmatic guidance. They also take the high level SPG funding control figures and allocate them to whatever lower level they believe appropriate but not lower than total project by Center, and they identify direct FTE by project (or whatever level they believe appropriate).

### ➤ Inputs

- The inputs for this step are the SPG, the President's Budget, and other programmatic information generated by the CAMs.

### ➤ Outputs

- Programmatic guidance for the program/project managers and total funding levels at whatever lower levels the CAMs believe appropriate by Center and direct FTE by Center are the outputs of this step. WF data by program/project by Center will be direct FTE only.



# Key PPBE Steps:

## Institutional Infrastructure Analysis

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### ➤ Purpose

- This is the step where Centers identify what they can accomplish and what support they can provide to the technical and institutional programs/projects within the given funding levels that they are receiving based on their evaluation of the SPG, the PRG, and the PAA funding and WF changes. They also identify any surplus or deficit capabilities and capacities. They identify the impact of funding reductions and any need for funding increases.

### ➤ Inputs

- The external inputs for this step are the SPG, PRG, and the PAA reports. The internal inputs for this step are the details that Centers use to determine their institutional capacities and capabilities (WF, skills, facilities, etc.).

### ➤ Outputs

- The output from this step is a complete report providing all of the requested analyses and information and discussing institutional capabilities and capacities. In some instances, the IIA may also address technical capabilities and capacities.



# Key PPBE Steps:

## Program Analysis and Alignment

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### ➤ Purpose

- This is the step in the Programming Phase where both technical and institutional program/project managers identify what they intend to accomplish with their programs/projects to achieve Agency strategic objectives. They also identify any surplus or deficit capabilities and capacities. They identify the impact of funding reductions and any need for funding increases.

### ➤ Inputs

- The external inputs for this step are the SPG and the PRG. The Center G&A and service pool rates from the previous President's Budget will be assumed as the planning rates for the PAA step unless the SPG or PRG specifies otherwise. The Programming Phase uses estimates of total full cost; full cost details are not developed until the OMB Budget Development step. Program level information from the PRG is to be used as the basis for the analysis for existing programs or information as provided by the requisite program/project managers.

### ➤ Outputs

- The output from this step is the completed PAA report at the program level. The PAA report will identify funding and WF by Center. Each adjustment that is made from the PRG is to be identified separately with a corresponding narrative explanation for the change in order to facilitate tracking.



# Key PPBE Steps:

## Program Review/Issues Book

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### ➤ Purpose

1. This is the step in the Programming Phase where PA&E reviews and analyzes all of the PAA and IIA reports to
  - a. ensure compliance with the SPG and the PRG,
  - b. ensure that programs can achieve NASA's strategic goals in the timeline indicated and with the resources identified,
  - c. balance the needs of the various Mission Directorates with resources available,
  - d. achieve strategic balance between the needs of the institution and programmatic needs,
  - e. balance the capabilities and capacities of the various Centers,
  - f. ensure that non-critical issues are resolved and documented,
  - g. identify those critical few issues that need to be brought to the SMC for decision.



# Key PPBE Steps: Program Review/Issues Book

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## ➤ **Inputs**

- The inputs for this step are primarily the PAA and IIA reports and independent PA&E issue analyses. Other inputs will include analytic techniques and any recent guidance from the Office of Management and Budget.

## ➤ **Outputs**

- The output from this step is the final Issues Book, identifying key issues for which decisions are needed from the SMC. For each issue, PA&E will prepare a narrative discussion and identify resources, alternatives, impacts, recommendations, justifications, and reclamation. Another output is the documentation of resolution of non-critical issues.



# Key PPBE Steps:

## Program Decision Memorandum

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### ➤ **Purpose**

- This step documents all of the Programming Phase decisions made to establish control totals for subsequent development of the budget. It is required to ensure that all parties in the Budgeting Phase clearly understand the decisions made and the control totals established.

### ➤ **Inputs**

- The inputs for the PDM are the decisions by the SMC on the Issues Book, as well as resolution of non-critical issues and adjustments by CAMs and Centers to the PRG. The SPG and the PRG are also inputs, in that they established the base from which Programming Phase decisions have been made.

### ➤ **Outputs**

- The output of this step is the PDM document. The PDM document should identify all SMC decisions on the Issues Book, along with a brief rationale to provide clarity to the readers. The output should provide resource and performance guidance for the Budget Year plus 4 Years. This document represents the programmatic control that will guide development of the Programmatic and Institutional Guidance and OMB budget submission.





# Key PPBE Steps:

## Programmatic and Institutional Guidance

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### ➤ **Purpose**

- This is the step where the CAMs allocate resources to reflect the decisions made in the PDM document. These allocations are to the project level detail that Centers need to begin to formulate the NASA full cost budget.

### ➤ **Inputs**

1. The inputs for the PAIG are the PDM decisions and the associated resources documentation reflecting the results of those decisions. To some extent, the SPG and the PAA and IIA reports also impact this step.

### ➤ **Outputs**

- The output of this step is a clear identification of project level financial, workforce, and performance information for the Budget Year plus 4 Years. The outputs are generated by the CAMs and then disseminated to the Centers by the OCFO.



# Key PPBE Steps: OMB Budget Development

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## ➤ **Purpose**

- In this step, the Centers and CAMs develop the OMB Budget Submission under the guidance of the OCFO. This is the first step in the PPBE process where the product is sent external to NASA. It is also the step where the planning/programming information is converted into the full array of budget data.

## ➤ **Inputs**

- The inputs for the OMB Budget Development step are the PDM and the resources documentation reflecting the results of the PDM decisions. To some extent, the SPG and the PAA and IIA reports also impact on this step.

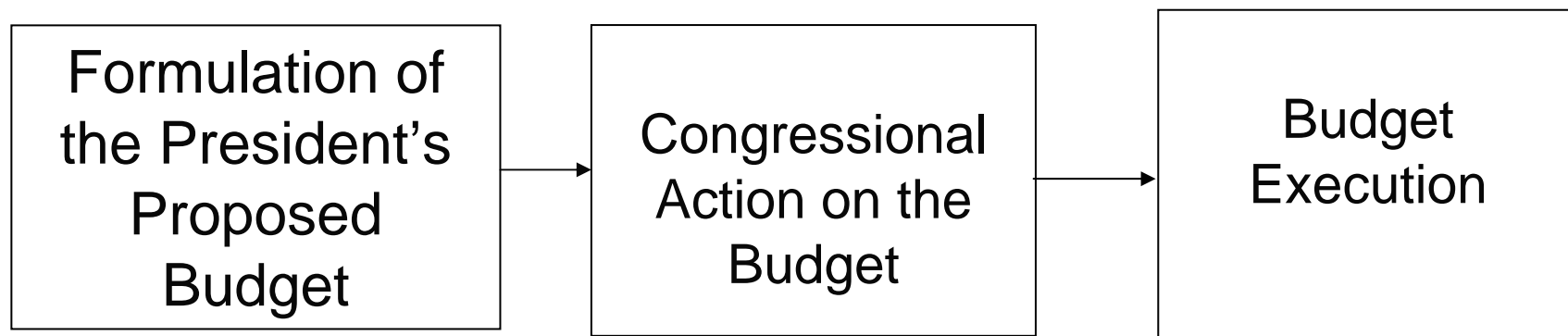
## ➤ **Outputs**

- The output of this step is a clear identification of project level financial, workforce, and performance information for the Budget Year plus 4 Years. The outputs are generated by the CAMs and then disseminated to the Centers by the OCFO. This step also requires the development of narrative justifications.



# Federal Budget Process

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***The Federal Budget Process is simplistic in design but extremely complicated in implementation. The framers of the Constitution designed into this simplistic process, checks and balances between the Executive and Legislative Branches that lead to a very complicated proposal, approval and execution of the budget. This was done intentionally to separate power within the government and allow for debate and thoughtful consideration of the relative priorities of government.***